A large aircraft carrier is shown from an aerial perspective, moving through the ocean and leaving a white wake. The carrier's deck is visible, with several aircraft parked on it. The sky is a clear, pale blue.

# **A Time of Dynamic Change to Navy Compensation: 11th Annual Military Pay Conference:**

---

**CDR Jeri Busch  
Military Compensation and  
Policy Coordination Branch (N130C)  
April 2001**



DCNO M&P (N1)

# Topics

- **Current & Future Legislation**
- **BAS Reform**
- **TSP**
- **Summary**





# Navy Personnel Strategy for the Future

DCNO M&P (N1)

**Force Structure + Training + Resources + Manning  
= Readiness**

(with the Right Skills)

## N1 Strategic Goal

Right Sailor - Right Time - Right Place

## N1 Tactical Goal

Minimize the imbalances produced by the drawdown to  
achieve a balanced and ready force

## N1 Guiding Principles

**Cautiously Urgent**

**Missteps translate to degraded readiness**

**Change effects may take 10-20 years to see or correct**

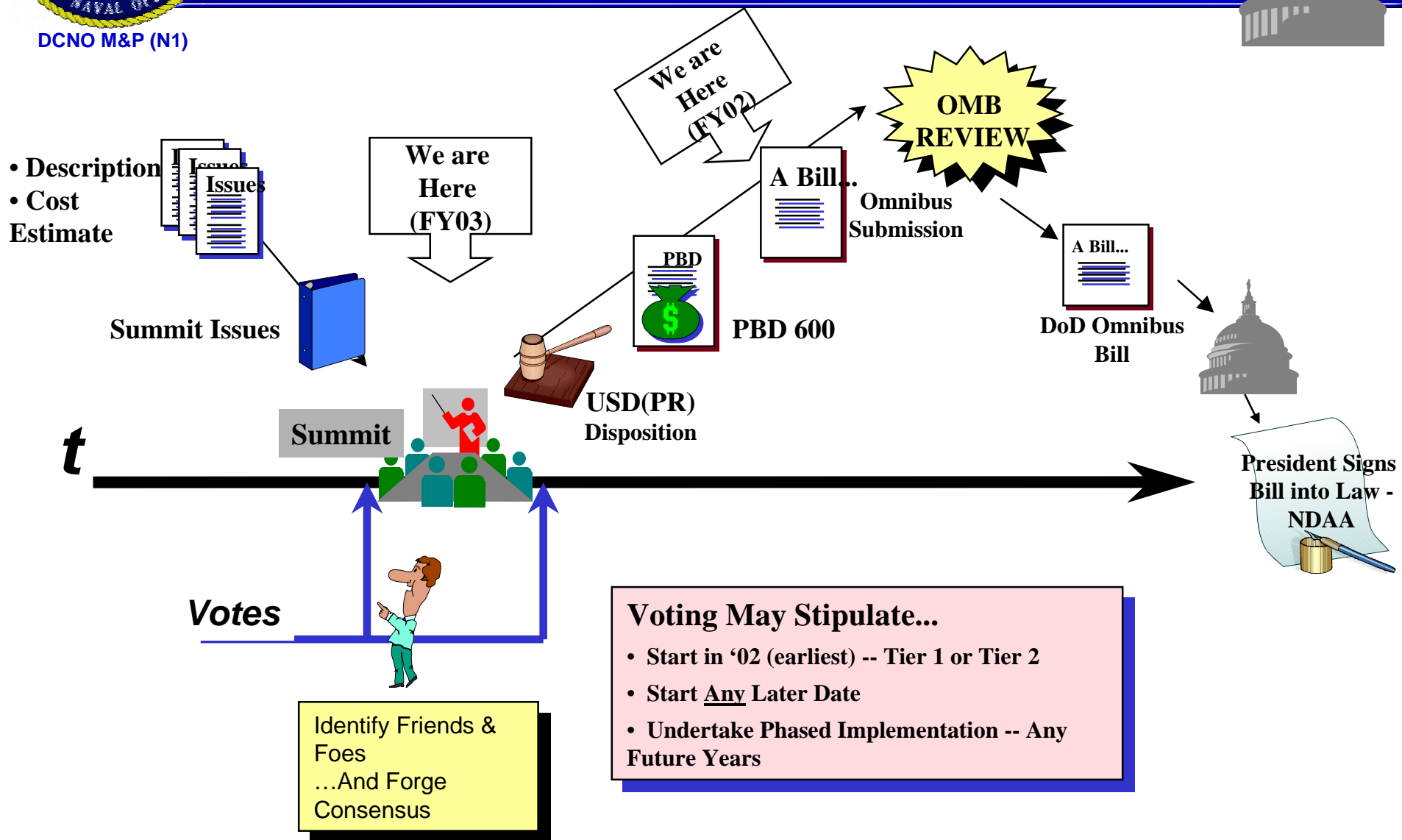
**Revolutionary changes must first be piloted**

**Economic realities demand flexibility in our strategy**



DCNO M&P (N1)

# Unified Legislation & Budgeting (ULB) - at a Glance







DCNO M&P (N1)

# Current Legislation



## FY00 NDAA (IMPLEMENT FY01/02)

- **Career Status Bonus**

- Eligible at 15 YOS
- \$30K lump sum to remain under REDUX & obligate to 20 YOS
- Part of REDUX Reform
- Implement FY01 (1st eligibles now receiving notification)
- Contribute to TSP (if already enrolled; up to TSP limits)

- **TSP (Details Later in Brief)**

- 401(k)-type tax deferred savings plan
- PAYGO Resolved by Congress
- Implement NLT Oct 01

- **ITEMPO**

- Track “deployment” of members on an individual basis - started 1 Oct 00
- \$100/per day each day member is deployed and exceeds 400 ITEMPO  
Deployment days out of previous 730 - effective 1 Oct 01
- Estimate of Navy FY02 Navy bill: ~43K Sailors go over/\$319M
  - VERY VERY ROUGH ESTIMATE
  - Unfunded
- O&M vs. MP remains an outstanding issue at OSD



# Current Legislation



DCNO M&P (N1)

## FY01 NDAA

- **Career Sea Pay (CSP) Reform**
  - Removes Sea Pay Tables From Law - Flexibility for Service Secretary
  - Key Distribution Tool - Incentive for members to stay at sea/return to sea
  - Pending Funding (\$107M/year)
- **E-4 BAH**
  - Authorizes single E-4s afloat to receive BAH at CO discretion (policy will limit to E-4 > 4 YOS)
  - Implement FY02 - funded in budget at \$41M per year
- **BAS Reform (Details Later in Brief)**
- **Critical Skills Bonus**
  - \$200K max over a career, Officer or Enlisted
  - Flexible/broad authority (OSD working group forming policy)
- **E-5 - E-7 targeted payraises (Effective Jul 01)**
  - greater than 8 YOS
  - Ranges from less than \$1 to \$59 per month
- **FSSA (Effective May 01)**
  - Add'l allowance intended to remove member's eligibility for Food Stamps
  - Max \$500/month



DCNO M&P (N1)

# Future Legislation



## FY02 NDAA (IN WORKS)

### • Distribution Incentive Pay

- Intended to Increase voluntariness of assignment to hard-to-fill billets/less desirable locations
- Market-based, variable up to \$750 per month
- w/SECNAV for inclusion in FY02 Omnibus

### • SUB Pay

- Remove SUB Pay tables from law
- Establish legislative maximum of \$1000 per month
- Enhance effectiveness as distribution (“Return to Sea”)/recruiting tool

### • Increase E-8 Inventory

- Increases E-8 cap by 0.5% (parity for all Services)
- Increases advancement opportunity at and below E-8

### • Officer Accession Bonus

- Flexible/broad authority to pay to skills deemed critical
- \$20K max (Not additive to other accession bonuses for same period)

### • Multiple BAS Rates

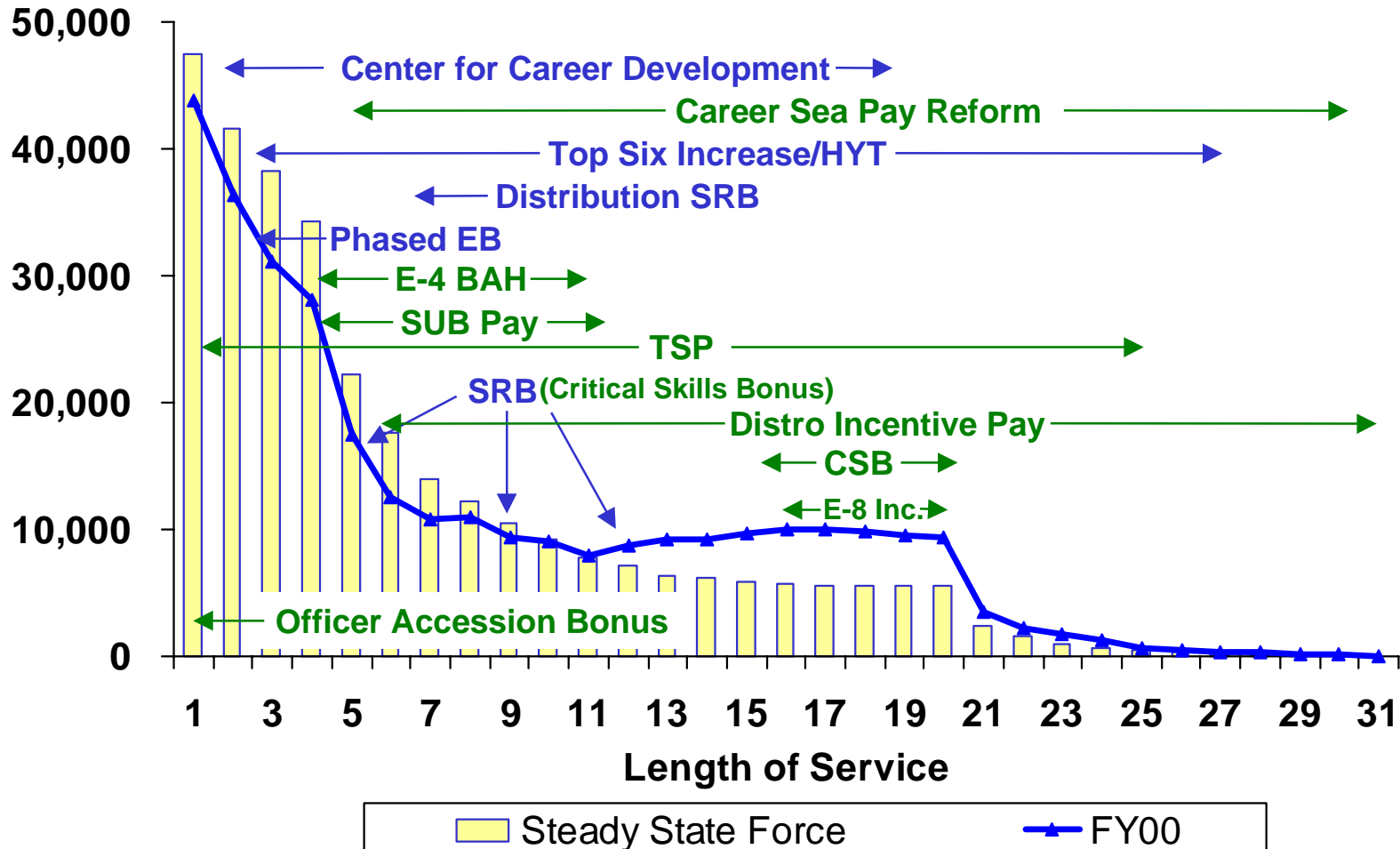
- Grandfather RIKNA and BAS II



# N1 Areas Of Influence

DCNO M&P (N1)

(new/anticipated compensation tools added)







# On the Horizon



DCNO M&P (N1)

## FY03 ULB

- **Placeholders from FY02 Omnibus**
- **Regular Reenlistment Bonus (RRB)**
- **Two POVs to AK & HI**
- **Increase Max TLE from \$110 to \$180**
- **Increase PCS Per Diem from \$50 to \$80**





DCNO M&P (N1)

# Topics

- Current & Future Legislation
- **BAS Reform**
- TSP
- Summary





# BAS Today

DCNO M&P (N1)

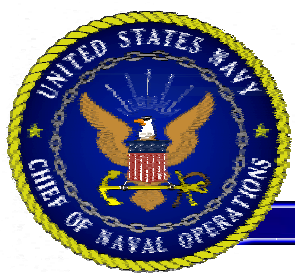
- **Five separate rates linked to grade, duty, rations availability.**
  - Partial - Applies to all enlisted receiving RIK.  
Currently \$0.86/day
  - SEPRATS - Applies to enlisted when RIK is available but member authorized a cash payment Must be approved by RCO Currently \$7.66/day
  - RIKNA - Applies to enlisted when RIK is not available.  
Currently \$8.63/day Approved by ship's CO and/or RCO.
  - EMRATS - Applies to enlisted when RIK is not available due to extraordinary circumstances. Must be approved by N130 Currently \$11.43/day
  - Full Officer - Applies to all officers Currently \$160.42/month



DCNO M&P (N1)

# BAS Reform

- **All enlisted entitled to BAS**
  - **Exception: Recruits at Boot Camp**
- **Single enlisted rate set at USDA Food Cost Index (FCI)**
  - **Annual adjustment equals annual increase in USDA FCI**
- **FY01 NDAA ends transition effective 1 Oct 01**
  - **New rate goes into effect 1 Jan 02**
- **OSD Draft Policy allows for ESM & Auto-Deduct**



# BAS Reform - Issues

DCNO M&P (N1)

- **BAS Policy:**

- ESM for E-1 - E-3?
- Auto-deduct Afloat (at sea & in port)?
  - ✧ Average rate afloat as compromise?
- Pay-as-you-go as ultimate Navy goal?
- Regional Commanders designate installations as ESM?
  - ✧ Criteria to be used?
- Budget Impacts

- **Food Service:**

- Pay-as-you-go afloat in port/homeport
  - ✧ "Cash Collection" afloat (technology not there for near-term)
- Ration Credit
- Budget Impacts

Consensus by stakeholders later this month; NAVADMIN this summer





DCNO M&P (N1)

# Topics

- Current & Future Legislation
- BAS Reform
- **TSP**
- Summary





DCNO M&P (N1)

# TSP

- **FY00 NDAA extended TSP (401(k)-type savings plan) to uniformed service members**
  - FY01 NDAA resolved \$980M (FY01-FY09) offset (PAYGO) issue
- **OSD(Compensation) & TSP Board plan start military participation 9 Oct 01**
  - Two open seasons for enrollment each year (1st one 9 Oct - 8 Dec)
    - ✧ 1 Jan 02 AC begins TSP deposits from pay accounts
    - ✧ 15 Jan 02 RC begins TSP deposits
  - Year round open season at RTC, OCS, AOCS
- **OSD(Compensation) draft policy in staffing**



DCNO M&P (N1)

# TSP - Current Challenges

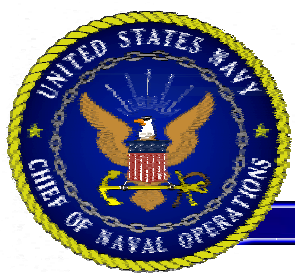
- **TSP Board reconfiguring Recordkeeper System**
  - Majority of work involves system change to accept incentive pays and lump sum (bonuses) contributions
- **OSD & Services working on system changes to transmit info between cmds, DFAS, & TSP Board**
  - TSP Board creating special "UNISERV" military site at TSP website (<http://www.tsp.gov>) to keep members informed on program development
  - OSD updating PAY2000 website to also keep members informed on program development
- **TSP training plan under development**
  - Courses under revision
  - Intent is broad reach to train command recordkeepers & financial advisors



DCNO M&P (N1)

# TSP - Challenges Ahead

- **Publication/marketing of Navy program**
  - DODI, FMR, NAVADMIN, PAO Plan, OPNAVINST or MILPERSMAN Article
- **Contractor support to PSDs to cover initial enrollment volume**
- **No plan for matching funds at present; however...**
  - Can system be ready to accept matching funds?
  - Enlisted community managers currently reviewing option to use TSP matching as retention tool
  - Estimating potential cost
    - ✧ Would have to be funded from existing budget authority (SRB account)
- **Plan to address potential for “Lost Earnings”**



DCNO M&P (N1)

# Topics

- Current & Future Legislation
- BAS Reform
- TSP
- **Summary**







# Summary

DCNO M&P (N1)

- **Navy Personnel Strategy a Key to Readiness**
  - Right Sailor (w/right skills) in right place at right time
- **Military Compensation Undergoing Dynamic Change**
- **Success Depends on Our Ability to Implement Changes**
  - Robust and Flexible
- **Partners in the Delivery of Accurate & Timely Pay to Sailors**



# Questions

